

BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS: AUGUST 3, 1980

State Morning Summary

1. SOVIET AID TO IRAN BEARS LITTLE FRUIT

Since the Shah's fall, Moscow has tried to use military and economic aid to improve its relations with the Khomeini regime in Iran, but its efforts have not yet resulted in improvement in the overall relationship. The Soviets will probably persist, however, largely because they have little choice.

On the economic front, the Khomeini regime signed its first trade protocol with the Soviets in June 1980. For the most part, the protocol provided for the continuation of ongoing projects. Indeed, Moscow has honored most existing contracts since the Shah's fall. The Soviets have been unable, however, to get the Iranians to resume natural gas deliveries, which were cut off in April. Recently, Tehran expressed some interest in a Soviet offer to assist in the building of an oil refinery.

The Soviets have little to show for their efforts. They have yet to establish a working relationship with the Khomeini regime comparable to that which they enjoyed under the Shah. Moscow's one consolation is that the US position is worse. Inasmuch as that could change, Moscow will no doubt continue its efforts to improve relations and its offers of economic and military aid.

Similarly, Moscow may hope that the reorganization of the Iranian Government, the triumph of the religious radicals, and the decline of the moderates -- especially Foreign Minister Ghotbzadeh, Moscow's nemesis since its invasion of Afghanistan -- will further complicate US-Iranian relations and provide new opportunities for the USSR.

DOS review(s) completed.

State Department review completed